



FinishStrong by Design™

A newsletter designed to help you tackle the most pressing issues in today's increasingly complex retirement plan world.

Volume 2; Issue 1

The Future of 401(k)'s©

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When we began publishing our *FinishStrong by Design™* newsletter in May 2008, we pledged to help keep you abreast of current goings-on within the 401(k) world. Much is being written and said in the media recently about the future of 401(k)'s. Here's a partial list of the **HOT TOPICS** you can expect to hear about during 2009:

- Is the 401(k) Dead?
- Department of Labor's Proposed Regulation 408(b)(2)
- Transparency of Fees Becoming "En Vogue"
- Regarding Their 401(k) Investments, How Are Your Employees Behaving?
- Guaranteed Income For Life

As a business owner, partner, CFO, Head of Benefits or Human Resources for your firm - or as a trusted CPA, Attorney or other advisor to these sorts of clients - you need to know about these topics. Let us help you tackle each briefly.

Is the 401(k) Dead?

The answer to the question is a resounding "NO!" Thus, a la Mark Twain, the rumors of the 401(k)'s death have been greatly exaggerated!

According to global consulting firm Watson Wyatt (who bill themselves as a "trusted partner...to leading organizations....on people and financial issues"), contrary to what you may have heard or read, there is **zero evidence** to support the assertion that companies are terminating their 401(k) or similar retirement plans. Furthermore, only a very small percentage has decreased their matching contribution. Companies are far more likely to decrease business travel allowances or increase employee contributions to health care than to decrease matching. See this video <http://www.foxbusiness.com/video-search/m/21420594/death-of-the-401k.htm?pageid=28252>

Regarding concerns about the government wanting to get involved, consider an email that has been circulating the Internet recently called "Windfall Tax on Retirement Plans & Income" - ideas attributed to Nancy Pelosi. You may have seen it. We thought you might want to know that, thankfully, it's a hoax <http://www.snopes.com/politics/pelosi/windfall.asp>.

D.O.L. Proposed Regulation 408(b)(2)

Have you heard of this? If not, you will soon. In broad terms, it addresses the Prohibited Transaction rules under ERISA which requires contracts and service arrangements between 401(k) Plans and related Service Providers to be "reasonable". To meet this standard, contracts must be in writing, transparent and conflicts disclosed.

These proposed rules have been under construction for more than a year, and were expected to be completed by January 1, 2009 *at the latest*. But SURPRISE, as is often the case regarding what comes out of Washington, what you see isn't always what you get. As of January 15, they're not finalized - and now with President Obama being sworn-in, there is some question as to when - or even whether - they will be.

What's the big deal then?

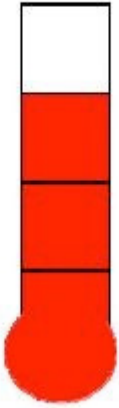
This begs two questions, the second building off the first:

1. **Question 1 - IF the regs are not finalized, shall we continue to operate under our current arrangements with our related 401(k) Service Providers?** We believe the answer is a resounding NO, that clearly under ERISA it is a BEST PRACTICE for you to comply with the proposed regulations. See the January 12, 2009 Bulletin from noted ERISA law firm Reish, Luftman, Reicher & Cohen, PC [Here](#).
2. **Question 2 - IF you're not currently receiving a simple (preferably 1-page) disclosure of ALL FEES currently being charged to or against your 401(k) Plan, why not?** Ask yourself: Is your current 401(k) advisor really "in this game"? Or rather, is their core business something different, like Personal Investments, Stock Brokerage, or Insurance Sales - Life, Health or Property & Casualty? You need to decide because, clearly, the regulatory environment is encouraging plan sponsors to engage the services of retirement plan advisors who possess specialized expertise.

Transparency of Fees Becoming "En Vogue"

401(k) Fee-O-Meter

Most Expensive



Least Expensive

Ever felt like you were fighting to get the "full story" out of your current provider regarding the costs associated with your 401(k) Plan? Do you need help to identify all of these costs today? Have you ever been pitched a "FREE" 401(k)?

For any YES answer - or even a wry, knowing smile - we are introducing the **Triune 401(k) Fee-O-Meter™**

This simple visual aid was added to our *Full Fee Disclosure*® report in response to a perfectly understandable question asked by numerous clients recently: How does the "ALL-IN COST" of my plan stack-up against others?"

Isn't it ironic? For years, the norm within the industry was to mask (a.k.a. to "cover-up", "hide", "conceal", "disguise", "camouflage") their fees as much as possible. Now not only are people JUST LIKE YOU asking for full disclosure of ALL fees, but pending regulation may REQUIRE it!

Regarding Your 401(k) Investments, How Are Your Employees Behaving?

As is old news by now, there was no place to hide in 2008, investment-wise. This sort of article <http://www.smartmoney.com/Investing/Mutual-Funds/Mutual-Fund-Report-Card-for-2008/> is all over the Web, and precisely what your Employees are reading.

THE QUESTION is: How are they behaving?

If they are now moving to cash or safer investments, our concern is that the train's already left the station. In other words, if you've already ridden it down 35%, 45% or more, and now you re-position your account to be considerably more conservative, how do you ever recover?

THE ANSWER is rooted in asset allocation.

Despite the woeful performance of nearly all types of investments during 2008, the fact that they all didn't drop by precisely the same percentage is evidence that all investments do not perform alike. But what will recover first - and when?

NO ONE KNOWS. But by maintaining a **broadly-diversified, well-balanced portfolio, holding down fees and keeping our eye on the prize** (i.e. your projected 401k balance at your expected retirement date and beyond), these portfolios will rebound **over a full market cycle**.

Are you reinforcing this concept to your Employees?

Guaranteed Income for Life

Many Employees clearly are concerned about their ability to recover from the recent market downturn. We are concerned about these Employees' willingness to continue to be exposed to stocks within their 401(k) portfolios. The number of people falling into this category seems to be rising.

It is challenging to design solutions that will protect their hard-earned savings from turbulent markets, provide a predictable income stream upon attaining retirement age and - perhaps most importantly - clearly and effectively communicate this message to Employees.

The industry has recently introduced a tool which we think will be of value to some, called Guaranteed Income for Life. Currently only available to 401(k) Plans offered via certain insurance companies, it is a rider on the plan-level which can then be selected (or not) by Employees individually. It provides:

- **Downside Protection** - all contributions build the Employee's "benefit base" (akin to cost basis, but not adjusted for reinvested dividends & capital gains) which stays fully-invested in a well-balanced portfolio with exposure to stocks. The performance of the portfolio can decline with the market - however the "benefit base" is re-set annually and guaranteed never to decline due to negative returns.
- **Upside Potential** - remember, the account stays fully invested. Thus, on each anniversary date, the benefit base is re-set to reflect the **greater** of market value or sum of contributions.
- **Income for Life** - when the Employee begins to withdraw funds, they are guaranteed to receive 5% of their benefit base annually, no matter how long they live or how their investments perform.

As you can imagine, fine print and restrictions apply. And there is a cost for the benefit, typically expressed as a percentage of assets. It is not yet widely-available. We'll make more details known to you as they become available to us, so stay tuned....

The Bottom Line -

It is time to put 2008 to bed, thankfully. As Americans, we all have much to be thankful for and to look forward to during 2009.

We are here to serve you. If you desire DETAILS on any of these items, or if you need HELP with your 401(k) Plan, JUST ASK. Please **email** us finishstrong@triunefp.com or call 913-825-6100.

It was our pleasure to communicate with you regularly throughout 2008 and we look forward to continuing to do so during 2009.

Graciously,

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